

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

July 29, 2002

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342
Teletype 1-800-451-7985

Use Tax on Out-of-state Repairs

The purpose of this Special Notice is to notify taxpayers of a change in the use tax laws regarding goods that are repaired outside the state and then used within the state. Senate Bill (SB) 6835 (Chapter 367, Laws of 2002) effective June 1, 2002, imposes use tax on the value of services defined as retail sales in RCW 82.04.050(2)(a) which includes, but is not limited to, the repair of tangible personal property for consumers. One result of this legislation is that consumers that have tangible personal property repaired outside this state owe use tax on the value of those services when the property is returned to Washington.

The measure of use tax is the "value of the service used," which is the total amount paid for the repair service. The use tax rate is generally the rate in effect at the customer's Washington location. It is important to note that use tax does not apply to delivery charges for out-of-state repairs if the charges are separately stated.

Out-of-state Repair Businesses

Businesses performing repair services outside of Washington are not subject to Washington's business and occupation (B&O) tax on such charges. (This is not a change.)

However, if the out-of-state business has nexus in Washington, it must collect and remit sales tax or use tax on the repair charges if the item is delivered to a customer in Washington. For more information about nexus, refer to WAC 458-20-193 on the Department's web site at <http://dor.wa.gov> under the Rules and Laws section.

Consumers Reporting Use Tax

If sales tax or use tax is not paid to the person performing the out-of-state repairs, the consumer is obligated to report the use tax directly to the Department. Businesses generally report use tax on their Combined Excise Tax Returns. Individuals should use the *Consumer Use Tax Return* to report use tax. The form is available on our web site (<http://dor.wa.gov>) under the Forms section. A credit is allowed for any sales tax paid to another state on the repair service.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.

